

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Review Item:

Audit Update and Review of the Commissioner's and Board's Expenses (Attachment on expenses under separate cover)

Applicable Statute(s) or Regulation(s):

KRS 45.149

History/Background:

Existing Policy. Several audits have been completed or are currently in process since the last Audit Committee meeting. Some of the audits are conducted by the Office of the Auditor of Public Accounts ("APA") as part of their normal statutory functions and others are conducted by federal auditors reviewing certain federal programs. KDE staff will discuss the audits and answer the Management Committee's questions. Additionally, information on the commissioner's expenses and board's expenses will be presented.

Updates on audits since December 2010 are as follows:

State Audits:

FY2010 Statewide Single Audit –

The audit covers KDE's financial statements, federal expenditure information, federal programs and IT security governing the controls of MUNIS, SEEK and NHS. SSWAK Volume I was posted to the Internet Feb. 11, 2011. The fieldwork has been completed on the federal compliance section of the audit with a posting date to be forthcoming.

FY2011 Statewide Single Audit –

The audit covers KDE's financial statements, federal expenditure information, federal programs and IT security governing the controls of MUNIS, SEEK and NHS. The IT security segment is in progress, and the financial segment has not begun.

FY10 A-133 School District Reviews –

Desk reviews are conducted to assist KDE in ensuring that audit reports of school districts and other entities meet applicable reporting standards and Office of Management and Budget (OMB) Circular A-133 reporting requirement. APA work is in progress.

Federal Audits:**Schools & Libraries Support Mechanism Funds Examination – E-Rate Audit -**

This is a federally-sponsored independent audit to assess compliance with FCC rules and to address requirements related to the Improper Payments Information Act. The USAC/E-rate Program has reviewed and accepted KDE's corrective action plan. Subsequently, the 2009 funding for E-rate has been released. KDE is still awaiting a decision on the penalty, if any, related to this item.

Note: The United States Department of Education periodically conducts monitoring of federal programs as deemed necessary to determine compliance with the No Child Left Behind Act and other federal requirements. Such routine visits may or may not result in a formal audit. The Management Committee will receive reports in the event of an audit.

Impact on Getting to Proficiency:

Efficient and effective financial controls within the Kentucky Department of Education are essential to ensure that monies are used appropriately by KDE and by districts for the purpose of supporting schools and districts in reaching proficiency.

Contact Person:

Hiren Desai, Associate Commissioner
Office of Administration and Support
(502) 564-1976
hiren.desai@education.ky.gov

Charles Harman, Director
Division of Budget & Financial Management
(502) 564-2351
charles.harman@education.ky.gov

Commissioner of Education**Date:**

April 2011